

Construction industry to face ruin on further hike in MS rod prices

Seminar told



File photo shows a worker laying rod at a construction site in Dhaka. International media reports say manufacturers and miners would raise the price of iron ore, the raw material of MS (mild steel) rod, by 65 per cent from April 1.

STAR BUSINESS REPORT

The construction industry will face a ruin on any further hike in the price of iron rod, an important construction material, as apartment prices have already gone beyond the reach of common buyers, a seminar in Dhaka was told yesterday.

International media reports say manufacturers and miners would raise the price of iron ore, the raw material of MS (mild steel) rod, by 65 per cent from April 1.

Bangladesh meets 75 per cent of the domestic demand for 25-30 lakh tonnes of steel and iron products through import, while the rest 25 per cent comes from the local ship breaking industry, according to industry insiders.

"Generally developers take advance order for apartments on an agreed price and handover those to the buyers in a span of one or two years. But we fear we will be forced to either resettle apartment prices or cancel orders because of the skyrocketing prices of MS rod, sand and bricks," Tanveerul Haque Probal, general secretary of REHAB (Real Estate and Housing Association of Bangladesh), told the seminar, moderated by Dr Qazi Kholiqzaman, president of Bangladesh Economic Association.

Media Foundation for Trade and Development organized it at the National Press Club. Besides different stakeholders of the sector, Mahub Jamil, chief adviser's

special assistant for industries, civil aviation and tourism, and Mohammad Abdul Majid, NBR (National Board of Revenue) chairman, spoke at the seminar.

The REHAB secretary anticipated a setback for the country's construction industry, 15 per cent of which is shared by 361 REHAB members and the remaining 85 per cent by government, individuals and other developers.

Meanwhile, a set of recommendations to overcome the possible crisis were put forward by the speakers at the function, which included government's immediate initiative to formulate a steel sector policy, rationalisation of tariff structure and devaluation of dollar against the local currency.

Local market sources said 60-grade MS rod is now selling at Tk 63,000-64,000 a tonne and 40-grade rod Tk 58,000-59,000 a tonne.

The prices of MS rod have soared because ship breakers have recently raised the prices of iron ore, as said by Masudul Alam Masud, general secretary of the Bangladesh Re-rolling Mills Association, at the seminar.

Masud said in January 2006 the price of ship scrap was Tk29,000 a tonne, which increased to Tk 46,000 a tonne.

Terming the tariff structure 'irrational', he said, "The ship breakers give Tk1,000 as tax against a tonne of scrap, while we have to pay around Tk 3,800 against the import of a tonne of scrap."

Denying the ship breakers' role

in the hike in scrap prices, PHP Group Chairman Sufi Mizanur Rahman said, "The supply of ships have decreased as well as the cost of old ships have increased recently, which led to such a price hike."

Borhan Ahmed, the CAB (Consumer Association of Bangladesh) president, pointed to the fact that construction work on as many as 138 schools has been stopped due to unreasonable price spiral of construction materials.

"Before starting the construction of those schools students attended their classes in huts and wood-made houses, but now they have no place," he added.

Shamsul Kamrain, president of Bangladesh Contractors Association, demanded of the government to form a commission for monitoring the local market of construction materials to contain the price hike.

"If the money for any construction work come from foreign source, there is a provision of readjustment of cost in tenders in case of any hike in the prices of raw materials, but such a provision is absent for any locally-funded construction work," Mahub Zamil said.

"Recently this irrational law came to the notice of the Chief Adviser and he expressed his annoyance at it," he added.

The NBR chairman urged the steel sector people to set up a working committee and to place some concrete proposals on taxes before the board.

Finance adviser disagrees on rise in unemployment

Employment growth halved since 2003: Survey



Finance Adviser Dr AB Mirza Azizul Islam speaks at a seminar organised jointly by BIDS and International Labour Organisation, Dhaka office in the capital city yesterday marking the release of the Labour Force Survey Report 2005-06 prepared by the Bangladesh Bureau of Statistics. Labour and Employment Secretary Mahfuzul Haque is also seen.

STAR BUSINESS REPORT

Finance Adviser AB Mirza Azizul Islam yesterday disagreed with a view that unemployment had increased in Bangladesh.

The Labour Force Survey Report 2005-06 prepared by the Bangladesh Bureau of Statistics found employment growth has halved since 2003.

The annual employment growth was 2.2 per cent during 2003-2006, compared to 4.4 per cent in 2000-2003, the report revealed, but underemployment rate has increased to 24.5 per cent in 2006 from 16.6 per cent in 2000.

The outcome of the survey that was presented at a seminar in Dhaka said labour force grew 3.21 per cent a year, while the employment growth rate was 3.14 per cent between 1995-96 and 2005-06.

"The annual growth in manufacturing sector was 7.8 per cent, which was higher than the labour force growth," Azizul told reporters after a seminar on "Promoting employment-intensive growth in Bangladesh: Policy analysis of the manufacturing and services sectors" at a city hotel.

He said: "Manufacturing sector is absorbing more workforce. I don't think unem-

ployment has increased."

However, the adviser admitted that the caretaker government was doing its best to boost the stagnant investment and economic activities.

He said an accommodative monetary policy has been adopted instead of contractionary policy, measures taken to reduce the bank spread and incentives are being given to exporters and importers.

Unemployment is one of the main problems of the country. Still about 40 per cent of the population live below poverty line. Many are ultra-poor, because they do not have jobs. Even if they get jobs, they have very low income implying that they are under-employed.

Quazi Shahabuddin, director general of Bangladesh Institute of Development Studies (BIDS), chaired the seminar organised jointly by BIDS and International Labour Organisation, Dhaka office.

Labour and Employment Secretary Mahfuzul Haque also spoke at the seminar where economists, policy makers and NGO activists attended.

Nazneen Ahmed and Mohammad Yunus of BIDS presented the research findings on Bangladesh employ-

ment situation.

As per the findings, the share of manufacturing sector in total employment has marked a marginal rise over the past decade from 10 per cent in 1995-96 to 11 per cent in 2005-06.

Zaid Bakht, a research director of BIDS, said the growth in employment is not to an extent as it was supposed to be.

"The growth should be much more than what was actually happened," he told reporters.

Nazneen Ahmed said the readymade garment sector has created some employment, but other sectors have failed to generate expected jobs.

The finance adviser said employment is a major instrument for poverty alleviation. But growth of output has to be increased for that, he suggested.

He pointed to the fact that technological progress is declining capital and labour ratio in different industries.

Rizwanul Islam, special adviser on growth, employment and poverty reduction, employment sector of ILO, Geneva introduced the seminar topic, while Ingrid Christensen, in-charge, ILO, Dhaka gave welcome address.

Emergency hurts economy

Says AmCham chief

UNB, Dhaka

The state of emergency, now in force in the country, is a hindrance to the economic activities as it discourages foreign investors, according to AmCham president.

"State of emergency is an uncertain situation; no foreign investors will come in such situation with Foreign Direct Investment (FDI)," said Syed Ershad Ahmed, president of American Chamber of Commerce (AmCham) in Bangladesh, at a press conference yesterday.

The press conference was organised ahead of the 3-day US Trade Show, scheduled for February 27-29 at Dhaka Sheraton Hotel.

AmCham president alleged

that at present, several government agencies do not respect the laws relating to foreign investment. This ultimately discourages the foreign investors to invest in Bangladesh, he said.

"After the state of emergency, the situation in Chittagong Port has improved significantly. But only this improvement does not help the FDI."

AmCham and the United States Embassy are cosponsoring the 17th annual US Trade Show to showcase the US products in Bangladesh.

Chief Adviser's Special Assistant for Industries and Civil Aviation and Tourism Mahub Jamil is expected to inaugurate the show as the chief guest.

DSE decision on AGM today

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) takes decision at a board meeting today about holding the annual general meeting (AGM) scheduled to be held on March 13.

"We will take the decision as per the law," said Salahuddin Ahmed Khan, chief executive officer of DSE.

An uncertainty has loomed on the AGM, as the election for the posts of four directors of the country premier bourse will not be held following with-

drawal of nominations by all nine candidates from the election race scheduled for March 9.

As there is no clear instruction on the DSE constitution, a confusion has also been raised whether it will be legal to put back the AGM when the AGM date is declared and the AGM notice is served.

The sources said the DSE authority is consulting with lawyers and experts to get a clear idea and suggestions about the latest unusual situation.



English school children wearing dresses made by Standard Group, a local manufacturer of garment products.

Bangladesh made school uniform big in UK

STAR BUSINESS REPORT

If you see an English child on their way to school, chances are their uniform will be made in Bangladesh.

This year Standard Group, a local manufacturer of garment products, has won orders to supply 1,000,000 school trousers and dresses to British stores to kit out the rather conservatively dressed children of the UK.

For while school uniforms have been abandoned in many European countries and in the US, they remain the staple of British school children.

Standard Group, which employs 25,000 workers, has received the order from Shelham, a Hong Kong-based retail buying house to supply the items for students of grade 4 to 12, a senior official of the company said.

"I do not know which schools have been using those school dresses in UK, but

Shelham supplies the items to ASDA in the UK, a sister concern of Wal-Mart, one of the largest retail buying houses in the world," said a senior official of the Standard Group.

He said the popularity of school dresses in UK has been increasing mainly due to higher price competitiveness, ensured quality, good fittings and distinguishes in stitching.

Standard Group has an advantage of low cost labour, he said. "As a result we are very competitive," he added.

It started exporting uniforms to the UK around 5 years ago and has seen a steady increase in orders, he said.

The company imports the fabrics from India with the uniforms manufactured to designs supplied by the buyers although the group has its own designers for manufacturing other export-oriented products.

Reefat@thedailystar.net



UNITED LEASING COMPANY LIMITED

"Camellia House", 22 Kazi Nazrul Islam Avenue, Dhaka-1000, Tel: 9669006

NOTICE TO SHAREHOLDERS FOR PROPOSING AUDIT FIRM TO BE APPOINTED IN THE ANNUAL GENERAL MEETING

As per directives of Bangladesh Bank and Securities and Exchange Commission, the existing audit firm, having served for three consecutive years, is ineligible for re-appointment for the year 2008. Therefore, a new audit firm will have to be appointed in the 19th Annual General Meeting to be held on March 25, 2008 as per Agenda No. 4 of the Notice dated February 13, 2008, already published in the newspapers.

In view of the above, the shareholders are hereby notified to send proposals for appointment as auditors of the Company for 2008. The proposals should reach the registered office of the Company no later than March 11, 2008 as per Article 209(3) of the Articles of Association of the Company along with a consent letter from the proposed audit firm {U/S 210(1) of the Companies Act, 1994} and a declaration to the effect that they are qualified to audit Financial Institution in terms of the rules framed by Bangladesh Bank under the Financial Institutions Act, 1993 with regard to qualification, eligibility and appointment of auditors. The aforesaid rules framed by Bangladesh Bank are available on request at the registered office of the Company.

BY ORDER OF THE BOARD

Dated : Dhaka
February 26, 2008

COMPANY SECRETARY

SINGER®

DIVIDEND FOR 2007 AGM Date & Place

This is for information that the Board of Directors of Singer Bangladesh Limited in its 152nd Board Meeting held on February 25, 2008 at 4:00 p.m. has recommended Dividend for 2007 as follows:

- Stock Dividend** : 35% (Issue of Bonus Shares in the proportion of 35 Shares for every 100 shares held)
- AGM Date** : Monday, April 28, 2008 at 3:00 p.m.
- AGM Place** : National Shooting Complex, Gulshan-1, Dhaka-1212
- Record Date** : Tuesday, March 25, 2008

By Order of the Board
Sd/-
Mohd. Sanaulah
Company Secretary

February 25, 2008
39 Dilkusha C/A
Dhaka-1000

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